

ORDINANCE C-09-06

AN ORDINANCE TO APPROPRIATE \$18,000.00 FROM THE COMMUNITY ENVIRONMENT FUND FOR THE CURRENT EXPENSE OF THE KEEP GROVE CITY BEAUTIFUL PROGRAM AND TO AUTHORIZE THE CITY ADMINISTRATOR TO ENTER INTO A RECYCLING GRANT AGREEMENT WITH THE SOLID WASTE AUTHORITY OF CENTRAL OHIO

WHEREAS, the City of Grove City, Ohio has received notification from the Ohio Department of Natural Resources and the Solid Waste Authority of Central Ohio (SWACO) of the award of a Reimbursement Grant in the amount of \$18,000.00 for project expenses; and

WHEREAS, it is necessary to appropriate said monies and authorize the Agreement for the operation of this program.

WHEREAS, it is necessary to appropriate monies for this project to proceed.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF GROVE CITY, STATE OF OHIO, THAT:

SECTION 1. There is hereby appropriated \$18,000.00 from the unappropriated monies of the Community Environment Fund for the Current Expense of the Keep Grove City Beautiful Program.

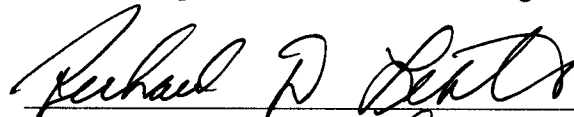
SECTION 2. The City Administrator is hereby authorized to enter into a Recycling Grant Agreement with SWACO.

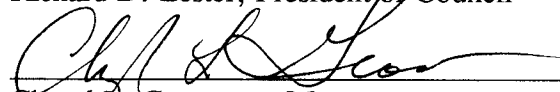
SECTION 3. This ordinance appropriates for current expenses and shall therefore go into immediate effect.

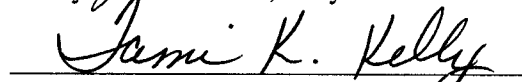
Passed: 03-20-06

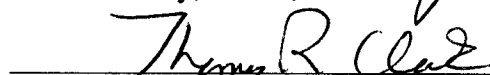
Effective: 03-20-06

Attest:


Richard D. Lester, President of Council

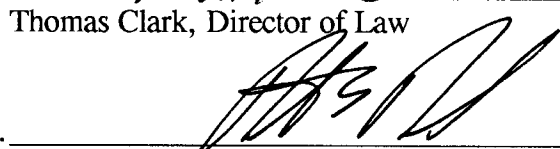

Cheryl D. Grossman, Mayor


Tami K. Kelly, MMC, Clerk of Council


Thomas Clark, Director of Law

I Certify that this ordinance is correct as to form.

I certify that there is money in the treasury, or is in the process of collection, to pay the within ordinance.


Robert E. Behlen, Director of Finance

C-09-06

THE SOLID WASTE AUTHORITY OF CENTRAL OHIO
GRANT AGREEMENT

GRANT to THE CITY OF GROVE CITY, OHIO 2006

THIS GRANT AGREEMENT is entered into at Grove City, Ohio, and is effective as of 12th day JANUARY, 2006 by and between the Solid Waste Authority of Central Ohio (hereinafter "SWACO"), a regional solid waste authority established pursuant to Ohio Revised Code Section 343.011, and the City of Grove City, Ohio a municipal corporation formed in accordance with the laws of the State of Ohio (the "Grantee") and collectively SWACO and Grantee shall be referred to as the "parties",

WITNESSETH:

WHEREAS, the Solid Waste Authority of Central Ohio pursuant to its amended Solid Waste Management Plan, implements programs to increase the rates of solid waste recycling, reduction and reuse within the District, and provides services to other political subdivisions within the District to increase implementation of such programs; and

WHEREAS, SWACO has determined that certain programs and entities would receive monies in the form of grants from SWACO for the purpose of implementing certain recycling programs; and

WHEREAS, the SWACO Grant includes certain recycling and litter prevention activities which are to be carried out by the City of Grove City, Ohio; and

WHEREAS, funds, in the amount of EIGHTEEN THOUSAND DOLLARS (\$18,000.00) were contained in the accepted and approved SWACO Grant application for the year 2006, for the purpose of carrying out certain recycling, recycling education, and litter prevention activities to be carried out and implemented by the city of Grove City, Ohio.

NOW THEREFORE, in consideration of the mutual covenants by and between the parties to this Grant Agreement, the parties agree as follows:

SECTION I
GRANT AMOUNTS

1. SWACO does hereby grant to the City of Grove City, Ohio an amount not to exceed EIGHTEEN THOUSAND DOLLARS (\$18,000.00) (hereinafter "Grant"), for the purpose of carrying out approved recycling activities in accordance with the terms and conditions contained in this Grant Agreement. Grant monies shall only be used on approved expenditures as contained or incorporated into this Grant Agreement. Costs incurred by the Grantee for unapproved items or in excess of the Grant amount shall not be subject to reimbursement by SWACO.
2. SWACO shall remit grant funds to the Grantee in four quarterly, reimbursement installments.

3. This Grant Agreement shall terminate on December 31, 2006 unless otherwise set forth in this Grant Agreement.

SECTION II GRANTEE DUTIES AND REQUIREMENTS

4. The Grantee agrees to perform the following "Grant work" and complete all tasks in accordance with the terms and conditions contained herein and all of the provisions, terms and conditions set forth in the "SWACO Solid Waste Authority of Central Ohio Grant Program Grant Handbook" attached hereto as "Exhibit C" and incorporated herein by reference as if fully rewritten.
5. The Grantee agrees to produce and deliver to SWACO's Grant Manager a "Quarterly Report" on the following dates April 2006, (for 1st Quarter activities); July 2006 (for 2nd Quarter activities); October 2006 (for 3rd Quarter activities); and January 2007 (for 4th Quarter activities). The Quarterly Report shall be in a form acceptable to SWACO's Grant Manager and shall include the following information or items:
 - (a) The Grantee shall report in written detail all Grant related programs and activities undertaken during the quarter;
 - (b) The Grantee shall indicate program performance for all grant-supported programs including, without limitation, whether projected time schedules and program objectives (as indicated by the Grant Manager) were met;
 - (c) A statement indicating the date of receipt and the amount of all Grant funds received during the quarter;
 - (d) A statement indicating the date, amount and reason for any and all expenditures of Grant and/or "Grant Matching Funds" made during the quarter. A copy of all "Keep Grove City Beautiful Coordinator" time sheets turned in during the quarter shall be attached to the "Quarterly Report";
 - (e) A copy of any signed agreements or signed contracts with any third party personal services providers entered into during the quarter shall be attached to the "Quarterly Report";
 - (f) Such other information related to the Grant as from time to time requested by the Grant Manager;
6. The Grantee agrees to undertake and complete the activities and/or tasks as set forth in the "Project Narrative" and "Core Program Description Page" of its "2006 Recycle, Ohio!" grant application accepted by SWACO; said "Project Narrative" and "Core Program Description Page" are attached hereto as "Exhibit A" and incorporated into this Grant Agreement as if fully rewritten herein.
7. The Grantee agrees to use Grant monies only for expenditures in furtherance of the

"Awareness" activities proposed in the "2006 Recycle, Ohio!" grant application accepted by SWACO. The Grantee shall use grant monies only to make the expenditures set forth in the "Budget" and "Budget Details" attached hereto as "Exhibit B" and incorporated into this Grant Agreement as if fully rewritten herein.

8. The Grantee agrees that as "matching funds" and in accordance with its "2006 Recycle, Ohio!" grant application accepted by SWACO it shall pay the sum of TEN THOUSAND, THREE HUNDRED AND FOUR DOLLARS (\$10,304.00) as SALARY to the "Keep Grove City Beautiful Coordinator". Any expenditure for any other purpose shall not be considered the expenditure of "matching funds" as required by this Grant Agreement.
9. Any Grant funds which remain unexpended at the end of the term of this Grant Agreement shall be returned to SWACO within fifteen days following the end of the term. Grant funds may not be encumbered beyond the term of this Grant Agreement without the prior written consent of SWACO which consent shall be at its sole and complete discretion. Any request for consent to expend funds beyond the term of this Grant Agreement must be received no less than one hundred twenty (120) days prior to the termination date of this Grant Agreement.
10. It shall be Grantee's obligation to ensure that all expenditures of Grant funds are in strict accordance with SWACO grant requirements. Failure of Grantee to adhere to those requirements or the terms and conditions contained herein shall result in Grantee reimbursing SWACO for all grant funds remitted to Grantee pursuant to this Grant Agreement; such reimbursement shall be made no later than thirty (30) days following a written request from SWACO for reimbursement.
11. Grant or match funds shall not be used by Grantee for any of the following purposes:
 - (a) Paying individuals, crews or organizations to pick up litter (other than crew supervisors);
 - (b) Purchase, lease, or service of dumpsters or other containers not part of an approved activity;
 - (c) Routine solid waste disposal, removal, processing, or hauling;
 - (d) Refuse-Derived-Fuel (RDF) projects;
 - (e) Collection, recycling, or processing of hazardous waste, yard waste, Christmas trees, and/or tires that are not collected as part of an approved litter collection activity;
 - (f) Solid waste collection equipment not part of an approved PAYT Activity, street cleaning vehicles, and related equipment;
 - (g) Land acquisition;
 - (h) Entertainment costs (banquets, parties, etc.) and alcoholic beverages;
 - (i) Beautification projects (planting, mowing, weeding, etc.)
 - (j) Routine litter law enforcement surveillance activities, and/or costs to enforce laws/ordinances not regulating litter or littering, and/or for enforcement officers

without SWACO to enforce litter laws/ordinances as defined in Ohio Revised Code Chapter 1502;

- (k) Newspaper subscriptions and individual membership fees to organizations;
 - (l) Personal clothing items other than awards/promotional t-shirts under the line item 'Other' and approved safety supplies under the line item 'Supplies';
 - (m) Clerical personnel other than that approved under the 'Overhead' line item;
 - (n) Providing interior recycling collection containers or container liners to a private facility for the facility's ownership, e.g.: desk-side recycling containers;
 - (o) Laptop computers; and
 - (p) Other costs not identified as "Allowable Costs" as set forth in "Exhibit B" attached hereto.
12. Grant funds approved for use to purchase computer hardware, software or computer services shall not be used for purposes other than approved activities under this Grant Agreement.
13. Grant funds, which are approved for use for travel reimbursement, shall be subject to approval by SWACO's Grant Manager.
14. The Grantee shall be required to obtain prior written approval by the Grant Manager for any changes or revisions to the approved grant activities set forth or incorporated into Section II herein. Requests for grant revision shall be in a form approved by the Grant Manager and approval shall be at the sole discretion of SWACO. Costs incurred by Grantee for items not part of the approved budget, any unapproved revisions or changes to the approved budget, or costs in excess of amounts specified in the approved budget shall not be reimbursed.
15. Grantee shall create a separate account for grant funds received through this Grant Agreement and for any cash donations received that qualify for the donor credit allowed by Section 5733.064 of the Ohio Revised Code. All interest earned on the separate account shall be deposited into the separate account. Grantee shall document all cash donations received as to the amount, name and address of the donor, and the date each donation was received. Said donations may be used at any time during or after the effective dates of the grant award.
16. The Grantee shall establish fiscal control and accounting procedures acceptable to the Grant Manager and which at a minimum adhere to the procedures set forth in the "Solid Waste Authority of Central Ohio Grant Program Grant Handbook" ("Exhibit C") and which will assure for the proper disbursement and accounting of all grant funds. The responsibility to properly account for the disbursement of grant funds shall apply to all third party agreements and contracts. Accounting procedures shall provide at minimum for the accurate and timely recording of receipt of funds by source, expenditures made from such funds, and unexpended balances of such funds. Adequate controls must be established to assure that expenditures charged to grant projects are allowable and that documentation is

readily available to verify the accuracy of such expenditures, including all purchase and charge receipts. The Grantee shall keep all appropriate records necessary to allow SWACO and/or its agents or contractors to audit the program in a businesslike manner for a period of six years. Grantee shall also submit a "Financial Statement" in accordance with the procedures established by the Grant Manager. This statement shall be in a format and contain such information as requested by the Grant Manager.

17. The Grantee shall require strict conformance with its local procurement regulations and standards for contract agreements provided that the standards set forth in the "Solid Waste Authority of Central Ohio Grant Program Grant Handbook" are followed. Notwithstanding the previous sentence set forth in this Agreement, a written agreement is required between the Grantee and any services provider where personal services greater than ONE THOUSAND DOLLARS (\$1,000.00) will be paid for with grant funds. The written agreement must be fully executed before the provision of any service and a copy shall be retained in the Grantee's financial records for audit purposes.
18. The Grantee shall maintain records for each piece of equipment costing THREE HUNDRED DOLLARS (\$300.00) or more and acquired with the use of Grant Funds. Such records shall be maintained in a form acceptable to the Grant Manager, and maintained for six years.
19. During the seven year period from the date the Grantee receives any equipment acquired through this grant costing in excess of THREE THOUSAND DOLLARS (\$3,000.00), the Grantee shall not convert said equipment to any uses not specifically set forth in this Grant Agreement; shall not transfer said equipment without receiving payment in return; shall not encumber said equipment; and shall not sell said equipment without written approval of SWACO. If for any reason during said seven year period the Grantee finds that such equipment is no longer needed for its originally approved use, the Grantee shall notify SWACO in writing of such finding. Only with prior written approval of SWACO may the Grantee convert said equipment to a use other than that originally approved or transfer said equipment without charge to the transferee or sell said equipment. For conversions or sales made during said seven-year period without SWACO approval, the Grantee shall repay to SWACO any funds granted by SWACO for the originally approved purchase of said equipment. For conversions or sales of equipment approved by SWACO, the Grantee shall repay to SWACO any funds granted by SWACO for the originally approved purchase of said equipment within forty-five days of the approved conversion or sale of said equipment according to the following schedule:
 - (a) If such conversion, transfer or sale is made within one year of the date the Grantee received said equipment, the Grantee shall repay to SWACO ninety percent (90%) of any expended funds granted by SWACO for the originally approved purchase of said equipment.

- (b) If such conversion, transfer or sale is made during the second year after the date the Grantee received said equipment, the Grantee shall repay to SWACO seventy percent (70%) of any expended funds granted by SWACO for the originally approved purchase of said equipment.
 - (c) If such conversion, transfer or sale is made during the third year after the date the Grantee received said equipment, the Grantee shall repay to SWACO fifty percent (50%) of any expended funds granted by SWACO for the originally approved purchase of said equipment.
 - (d) If such conversion, transfer or sale is made during the fourth year after the date the Grantee received said equipment, the Grantee shall repay to SWACO twenty-five percent (25%) of any expended funds granted by SWACO for the originally approved purchase of said equipment.
 - (e) If such conversion, transfer or sale is made during the fifth, sixth, or seventh year after the date the Grantee received said equipment and the market value of said equipment is greater than \$1,000.00 (one thousand dollars), the Grantee shall develop a disposition plan and request written approval from SWACO prior to any such disposition. If the market value of said equipment is less than \$1,000.00, the Grantee may dispose of the equipment in a manner consistent with local regulations, and shall inform SWACO of its intent to dispose of the property prior to any such disposition.
 - (f) Following the seventh year after the date the Grantee received said equipment, the Grantee may dispose of said equipment in a manner consistent with local regulations and without the approval of SWACO.
 - (g) SWACO reserves the right to make exceptions to the equipment disposition requirements and repayment methods set forth in paragraphs 19(a) through 19(f) of this Grant Agreement provided the terms of such exceptions are mutually agreed to in writing by SWACO and the Grantee prior to disposition of the equipment.
20. Grantee shall obtain written approval from SWACO prior to the commitment and/or expenditure of any grant funds for the purchase of media time, advertising space, and/or publicly available printed matter. Such request shall be in a form acceptable to the Grant Manager and shall contain all information requested by the Grant Manager.
21. SWACO and its agents and contractors reserve the right to conduct site visits with Grantee and any subcontractors as arranged between the parties. Any such visits shall be conducted to review the program progress, inspect the site of any work, audit financial records or for any other reason necessary for SWACO to ensure compliance with Grant Agreement requirements. All books, records, contracts or other pertinent documents are to be

maintained in a common file to facilitate reviews and audits. All such records must be maintained for a minimum period of six years.

22. Contractor certifies and agrees that during the performance of this Grant Agreement, the Contractor and/or any sub-contractor shall not discriminate against any employee or qualified applicant for employment who is both available and qualified for work because of age, race, color, religion, sex, disability, creed or national origin. Contractor and/or any sub-contractor shall not discriminate based upon age, race, color, religion, sex, disability, creed or national origin in any undertaking related to employment including (but not limited to) such actions as hiring, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Contractor shall maintain an affirmative action plan to ensure that applicants are employed and employees are treated uniformly during employment without regard to their age, race, color, religion, sex, disability, creed or national origin. A copy of such affirmative action plan shall be provided immediately to SWACO upon request. The Contractor shall post in conspicuous places and make available to employees and applicants for employment notices setting forth the provisions of this non-discrimination clause.
23. Grantee understands and agrees that this Grant is being made pursuant to and consistent with SWACO's Solid Waste Management Plan as amended from time to time. SWACO reserves the right to, at any time after execution of this Grant Agreement; terminate the Grant and/or Grant Agreement in whole or in part upon written notification to the Grantee ("SWACO Termination"). In the event of a SWACO Termination the Grantee will be paid for approved expenditures incurred and for any non-cancelable obligations properly incurred prior to the date of SWACO Termination. All unspent funds and or reimbursements for disallowed expenditures shall be returned to SWACO within sixty (60) days of SWACO Termination.
24. The Grantee reserves the right, at any time after execution of this Grant Agreement, to terminate the grant and/or Grant Agreement in whole or in part, upon written notification to SWACO. In the event of any such termination, the Grantee shall not incur any new obligations and shall make a good faith effort to cancel as many outstanding obligations as possible. All unspent funds and/or disallowed expenditures shall be returned to SWACO within thirty (30) days of such termination.

SECTION III MISCELLANEOUS PROVISIONS

25. All covenants, stipulations, obligations and agreements of SWACO contained in this Grant

Agreement and in the attached "Exhibit A", "Exhibit B" and "Exhibit C" are and shall be deemed to be covenants, stipulations, obligations and agreements of SWACO to the full extent authorized by law and permitted by the Constitution of the State of Ohio. No covenant, stipulation, obligation or agreement of SWACO contained in this Grant Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, agent or employee of SWACO in other than that person's official capacity. Neither the members of the Board of Trustees of SWACO nor any official executing this Grant Agreement or any amendment or supplement hereto shall be subject to any personal liability by reason of such execution.

26. SWACO and Grantee agree that nothing contained in this Grant Agreement is intended to or shall be construed to create or establish the relationship of partnership or joint venture between the parties hereto. Nor shall this Agreement be construed so as to create an agency, representative or employment relationship between the Grantee and SWACO. Any and all personnel of the Grantee or other person while engaged in the performance of any work or services required by the Grantee under this Grant Agreement shall have no contractual relationship with SWACO and shall not be considered employees of SWACO and any and all claims that may or might arise under the Workers' Compensation Act of the State of Ohio on behalf of said personnel or other persons while so engaged, and any and all claims whatsoever on behalf of any such person or personnel arising out of employment or alleged employment including without limitation claims of discrimination against the Grantee, its officers, agents, Grantees or employees shall in no way be the responsibility of SWACO. Such personnel or other persons shall not acquire nor be entitled to any compensation, rights or benefits of any kind whatsoever from SWACO, including without limitation, tenure rights, medical and hospital care, sick and vacation leave, workers' compensation, unemployment compensation, disability and severance pay.
27. The Grantee hereby agrees to indemnify and hold harmless SWACO, its Trustees, Officers, and employees from and against any and all claims, damages, liabilities, injuries, penalties, liens, and costs, including reasonable attorneys' fees, arising in connection with the Grantee's fault or negligence in the performance or nonperformance of the Grantee's obligations hereunder. Grantee also agrees to indemnify or reimburse SWACO, its Trustees, Officers and/or employees for reasonable costs of investigating any such claims, damages, liabilities, injuries, penalties or costs. The parties agree that in no case shall the Grantee be required to pay an amount disproportional to its culpability. The provisions of this Section shall survive any termination, suspension or cancellation of this Grant Agreement.
28. Any notice, consent, report, or other information required to be given hereunder shall be deemed to have been duly given (a) upon personal delivery or (b) if mailed, seventy-two (72) hours after deposit in the United States mail, registered or certified mail with return receipt requested, proper postage prepaid, and addressed as follows:

To the Solid Waste Authority of Central Ohio:

Solid Waste Authority of Central Ohio
Planning and Programs
Attn: Jeff Cahill, Grant Manager
6220 Young Road
Grove City, Ohio 43123

To the Grantee:

The City of Grove City
The Honorable Cheryl Grossman
P. O. Box 427
Grove City, OH 43123

29. No person or corporation, other than the signer of this Grant Agreement as Grantee, has any interest hereunder and no claim shall be made or be valid, nor shall any clause, phrase, covenant or section herein be construed so as to give any person other than the parties hereto any legal or equitable right, remedy or claim under or in respect to this Grant Agreement. SWACO or any Trustee, official, employee or agent thereof shall not be liable for or be held to pay any money except as provided herein. The acceptance by the Grantee of payment shall operate as a release to SWACO and every Trustee, officer, employee and agent thereof, from all claims and liabilities to the Grantee for anything done or furnished for, or relating to the work or for any act or neglect of SWACO, or of any person relating to or affecting the work.
30. Neither this Grant Agreement nor any rights arising hereunder may be assigned, transferred, sublet, pledged or otherwise disposed of in whole or in part by the Grantee without the prior written consent of the Executive Director of SWACO, which consent may be withheld for any reason, and any such assignment, transfer or pledge shall be void and without effect without such consent. This Grant Agreement shall be binding upon and inure to the benefit of SWACO and the Grantee, and their successors.
31. This Grant Agreement contains the entire agreement and understanding between the parties. All modifications of the Grant Agreement must be in writing and signed by a duly authorized representative of the Grantee and the Executive Director of SWACO. In the event of any conflict or inconsistency between the terms of this Grant Agreement and the terms of the grant proposal, the terms of this Grant Agreement shall be controlling.
32. The language in all parts of this Grant Agreement shall in all cases be construed according to its plain meaning and not strictly for or against the Grantee or SWACO.
33. The terms of this Grant Agreement shall be governed and construed under the laws of the

State of Ohio, and shall be construed so as to be consistent with, and to give effect to any applicable laws of the United States or the State of Ohio, or regulations issued thereunder, so as to confer the fullest possible authority upon each party to accomplish the purposes of this Grant Agreement. The parties hereto agree that it is their intention that any action or proceeding of or relating to this Grant Agreement shall take place in a court of competent jurisdiction in Franklin County, Ohio.

34. If any provisions of this Grant Agreement or any application thereof shall be held invalid, void or unenforceable by a court of law of competent jurisdiction, the remaining provisions of this Grant Agreement shall not be affected thereby and the parties shall, as nearly as possible, perform their obligations under this Grant Agreement as nearly as it is practicable do so and as long as each party's performance is consistent with the intentions and purposes of the parties in entering into this Grant Agreement.
35. Prior to final execution of this Grant Agreement, the Grantee shall provide SWACO with an executed affidavit of authority or such other document as is sufficient to indicate the undersigned parties' authority to bind or otherwise execute this Grant Agreement. Failure to provide the affidavit will result in rejection of the Grantee's proposal.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first above written.

SOLID WASTE AUTHORITY OF
CENTRAL OHIO:

GROVE CITY, OHIO
(Grantee)

By: Michael D. Long
Michael D. Long
Executive Director

By: Leslie A. Bostic
Printed Name: Leslie A. Bostic
Printed Title: CITY ADMINISTRATOR

Approved as to form:
Harold J. Anderson III
Harold J. Anderson III
Chief Counsel
Solid Waste Authority of
Central Ohio

by Christy L. Long, Sec.
2/8/06

CORE PROGRAM DESCRIPTION PAGE**Applicant: The City of Grove City**

To document your program's activity in the core program areas, please complete the following information as a part of your 2006 Recycle, Ohio! Grant Application.

All three categories must be completed. The Core Program Description Page is required even if limited or no activity is occurring currently. Describe both grant and non-grant funded activity to document the comprehensiveness of a program. Additional pages may be attached.

Litter Collection: Briefly describe the litter collection activities being performed in your community. *(For example, the county has a litter collection crew that collects litter along county roads during three months of the year, and the city has five volunteer litter collection events throughout the year.)*

May 6, 2006 Keep Grove City Beautiful, the City of Grove City and Jackson Township will be partnering to present the Great American Cleanup/Jackson Township Spring Cleanup. All Adopt-A-Street/Park partners, civic organizations, families, business and individuals will be encouraged to come out that day to cleanup Grove City and the surrounding areas in Jackson Township. At the same time residents will be able to bring tires, appliances, construction materials, brush and other household items to the Township building to be disposed of. At the same time we will have raffles, games, food and demonstrations on reduce, reuse and recycling. Approximately 200-300 volunteers are expected. A "swapping" area also will be set up for those items that are in good condition that others may be interested in taking.

The City sponsors the Adopt-A-Street/Park program and contractual agrees to clean up their areas a minimum of six times a year. Brochures are sent out on a quarterly basis to encourage additional business, schools and civic organizations to participate.

During the yearly Community Parade in September, Keep Grove City Beautiful volunteers partner with the Grove City Tree Commission, to ride or walk beside the float handing out litter bags encouraging litter responsibility as well as proper tree care and maintenance. All spectators are requested to put their trash in the litter bags and deposit them in the litter boxes placed along the parade route.

In cooperation with the Solid Waste Authority of Central Ohio, the City of Grove City and Keep Grove City Beautiful hosts the Household Hazardous Waste Collection in the fall of the year.

Recycling Collection: Briefly describe the residential recycling opportunities available to the citizens of your community. *(For example, the county has 12 drop-off recycling locations, one public MRF and three private recycling facilities that accept residential recyclables from the public. There are four curbside programs and eight drop-off recycling locations throughout the solid waste district.)*

The City of Grove City participates in curbside recycling with the city's trash hauler, Local Waste Services. All items are placed in a blue recycling bin and the bin is picked up on the assigned trash day. Yard waste is also recycled through the use of brown yard waste bags and trash cans labeled with yard waste stickers. The yard waste is also picked up on the assigned trash day and taken to the local yard waste facility.

Grove City also collects recyclables at major events in the city such as Arts in the Alley, a two day event that invites crafters from all over Ohio to come and display their merchandise. Cardboard recycling containers are positioned at all of the food vendors for collection of plastic bottles and aluminum cans. Local Boy Scout Troops are responsible for collecting these items and depositing them into the recycling dumpster.

Within the city there is also a drop-off recycling location that accepts residential recyclables from the public. This is located at the Jackson Township Fire House on State Route 665. The City also has a recycling dumpster, which is located at the Service Department, which is used for collection of recycled items within our park system. There is a recycling dumpster at Brookpark Middle School that is use by the school and in the summer, the Big Splash.

Recycling containers for aluminum and plastic bottles are placed in our parks: Windsor Park, Fryer Park, Gantz Park and the All Adventure Playground, for voluntary recycling. All of the containers are made from recycled plastic.

Keep Grove City Beautiful and the City of Grove City will hold its 2nd annual Shred-it Day, April 22, 2006. This year we have created an Environmental Day which will include Shred-it, passing out recycling bins to those residents who need one, giving away seedlings, with the Grove City Tree Commission, and educating the public about recycling and theft identity.

An electronic recycling collection day is being planned for sometime in the first part of 2006.

Community Outreach: Briefly describe how you inform the residents in your community about the recycling and litter prevention activities in your area or the importance of recycling and litter prevention activities in general. *(For example, your program makes presentations to all 10th grade classes in the county, publishes a bi-monthly newsletter, conducts an annual teacher training workshop, broadcasts PSA's and posts billboards.)*

The Keep Grove City Beautiful program has educational display boards that are used to tell the recycling story and about the city's recycling efforts. They are used for major events in our city such as the annual Boy Scout Breakfast and the Mayor's "State of the City" address that is presented to our citizens and the business leaders of our community March. These boards are also used to make presentations to civic organizations about recycling and promoting our Adopt-A-Street program.

A proclamation is read by the Mayor of Grove City, declaring the week of April 17th Earth Week. Activities throughout the week at different school locations will reinforce the reduce, recycle and reuse theme.

Litter boxes and recycling boxes with the Keep Grove City Beautiful logo are distributed for use at all major community events such as the Arts in the Alley, Easter Egg Hunt, Homecoming, the Fourth of July Celebration, Boo on Broadway and the Christmas Celebration.

The Keep Grove City Beautiful logo is used on all of our City trucks.

An annual Volunteer Recognition Event is held for all of our volunteers as a "thank you" and awards and certificates are given out for all those who have helped over the past year.

PROJECT NARRATIVE

Applicant: The City of Grove City

Activity: Awareness

The required *Project Narrative* is limited to two double-sided pages. Its purpose is to provide additional information on the implementation of the activity. It should describe the **nature of the project** and **how** it will be implemented; **when** and **where** the project will take place; and **who** will carry out the project. If applying on behalf of any jurisdictions, please describe **each** jurisdiction's activity as well. The narrative may also be used to provide additional justification for the line item expenditures identified in the *Budget* and *Budget Details*.

Keep Grove City Beautiful, a committee that is funded by the City of Grove City and under the direction of the Director of Public Service, coordinates many programs through the hard work of many volunteers. The Coordinator for Keep Grove City Beautiful will oversee the programs within the community.

The Keep Grove City Beautiful Advisory Board with eighteen (18) members meets once a month on the second Tuesday, January through November. Their mission statement is as follows: *Keep Grove City Beautiful is a non-profit volunteer effort supported by the City of Grove City and the community to promote, educate and motivate all citizens to keep their environment clean and beautiful now and in the future.*

In May of 2006, the City of Grove City and Keep Grove City Beautiful will partner with Jackson Township to present the Great American Cleanup/Jackson Township Spring Cleanup, sponsored in part by Keep American Beautiful. Along with the areas already adopted by our Adopt-A-Street/Park partners, the KGCB advisory board and Jackson Township will be choosing additional areas that need attention throughout our community. Through a collaborative effort, we will reach out to scouting groups, community organizations, families and business groups for their help.

A creek cleanup is being planned for either the Spring or Fall of 2006. We will be walking the creeks within the City to determine which creek will be used in the cleanup for this year. Members of the KGCB Advisory Board will act as team captains for specified areas throughout the creek. Volunteers will be used from various scouting groups, community organization and schools to participate in the actual cleanup. The City of Grove City will provide the trucks and the manpower to move the solid waste from the cleanup areas to the dumpsters at the Service Department.

In February and March we kick off the Adopt-A-Street & Park program for the City of Grove City. Presentations are made to civic organizations, boy scouts, girl scouts, churches and business organizations, explaining the program and encouraging them to participate. The Adopt-A-Street groups are supplied with gloves, trash bags, vests, and litter grabbers and report back to the city on the amount of trash picked up, number of people used, and the number of hours it took for each cleanup. If a group adopts a park, besides the cleanup, their group plants flowers and their park entrance sign and takes care of the weeding throughout the summer. The plant material is supplied by the City of Grove City.

In partnership with the Grove City Parks and Recreation Department, a one day earth camp in July is being planned for kids in K – 3rd grade. This camp encourages and will teach reduce, recycle and reuse.

We distribute the waste management brochure that goes to all residents explaining about our recycling and yard waste program, as well as, our solid waste removal program.

An Adopt-A-Street & Park brochure is sent out to businesses, civic organizations, schools and interested residents to help keep areas of our city clean. Posting of Adopt-A-Street signage for each of our partners, making the residents aware of who is cleaning up a particular area.

Press releases are sent out periodically to inform the residents about our programs as well as announce upcoming events that are sponsored by the City of Grove City and Keep Grove City Beautiful.

Recycling and litter prevention articles are published in the "Source", a community guide. The guide is published quarterly and is mailed to 10,000 residents in Grove City.

Presentations will be given about cigarette litter prevention to businesses about the importance of this program and how they can participate. This is a continuation of the Cigarette Litter Prevention Program that was piloted in 2005 in cooperation of Keep America Beautiful.

The Jo Bostic Memorial Garden Tour in June and the Green Thumb Awards in July are several beautification projects that although they are not funded, they are an opportunity to promote those programs that are funded through the grant.

In partnership with the Grove City Parks and Recreation Department, a one day earth camp is being planned for kids in K – 3rd grade. This camp encourages reduce, recycle, and reuse as a theme. The kids are split into groups of 10-12 and rotate through different fun stations that encourage hands on involvement. Some of these activities are, but not limited to, compositing, craft stations using recycled items and litter prevention workshops.

A volunteer appreciation ceremony is held annually to recognize those volunteers who have participated in programs throughout the year. Certificates are handed out as well as other items to show our appreciation to all who have helped throughout the year. This is a litter free event that encourages reduce, recycle and reuse.

The Keep Grove City Beautiful Board Members, The Grove City Tree Commission and volunteers participate in the annual Community Parade in September by riding on or walking next to our float handing out litter bags encouraging the reduce, recycle and reuse message. We also promote proper tree care.

The City of Grove City in cooperation with the Solid Waste Authority of Central Ohio, hosts the Household Hazardous Waste Collection on Saturday at the end of October. This program is held at the Broadway Center at the corner of Southwest Boulevard and Broadway. Each year the City and Township provides lunch to all the volunteers who participate in this event. This is held in cooperation with Jackson Township's Fall Community Cleanup. This has become extremely popular with the residents. Coupled with the disposal is the "swapping" of one another's goods!

Keep Grove City Beautiful in cooperation with the City of Grove City, will host our newly created Environmental Event. Our 2nd annual Shred-it Day will be part of this event. The collection will be held this year at the Service Department on Ventura Blvd. Two to three trucks will be at the department from 9am – 1pm to collect residents old documents, bank statements, canceled check, credit card statements etc. This is free to all residents of Grove City and Jackson Township and there is no limit to the number of boxes they can shred. Also on that day we will be handing out recycling bins for our curb side program to all those residents who have not yet picked one up. In conjunction with our Grove City Tree Commission will be giving out free tree seedlings and talking to people about proper tree care and the environment.

There are recycling programs at community functions at various times throughout the year. We provide the litter boxes and recycling boxes with the Keep Grove City Beautiful logo on them at events such as the Easter Egg Hunt, the Great American Cleanup, the Alumni Tournament, the Volunteer Recognition event, the Community Parade, Arts in the Alley, The Household Hazardous Waste Collection, Boo on Broadway, and the Christmas Celebration.

Curbside recycling is done weekly using Local Waster Services, our current trash hauler. This also includes yard waste. The Local Waste runs three (3) separate trucks throughout the city five (5) days a week.

2006 RECYCLE, OHIO! GRANT APPLICATION

During the week of April 17th, "Earth Week, activities are conducted by the volunteers of KGCB, at the elementary and intermediate schools in Grove City, that emphasize reduce, recycle and reuse. Poster contests, coloring contests, seedling giveaways, and the grocery bag project are some of the activities that will be worked on by the students.

Presentations are given throughout the year, by KGCB, to civic organizations, boy scouts, girl scouts, and church youth groups within Grove City. The topic of these presentations are for the Adopt-A-Street & Park program, Grove City's recycling program and how their organization can get involved, and about Keep Grove City Beautiful and how we function as an affiliate of Keep America Beautiful.

Presentations are being given throughout the year to Grove City Business Owners about the cigarette litter prevention program that was piloted in 2005. These presentations will help businesses in Grove City deal with the accumulation of cigarette litter as we move forward with our no smoking ordinances.

The funds for the grant match will be from the salary of the Keep Grove City Beautiful Coordinator/Environmental Specialist.

"EXHIBIT B"

BUDGET**Applicant: The City of Grove City for 2006****Activity: Awareness**

Instructions: Complete this form for **each** requested activity based on the line item totals on the attached *Budget Details* forms. Enter amounts in whole dollars only. See notes below for details.

	Grant Funds	Match Funds	TOTAL
Advertising and Printing	2,880		2,880
Buy Recycled Purchases			
Contracts			
Equipment			
Fringe Benefits			
Other	7,975		7,975
Overhead			
Salaries		10,304	10,304
Service Fees			
Supplies	4,210		4,210
Travel and Expenses	2,500		2,500
TOTAL ACTIVITY BUDGET	17,565	10,304	27,869

Grant and match funding for *Overhead* may not exceed \$500 each per activity, resulting in a maximum total of \$1,000 per activity. The total grant and match funding for the entire grant application in the Overhead Line Item cannot exceed \$3,000.

50% Match Activities: Buy Recycled, MRF, Recycling and Source Reduction

Each of these activities requires the grantee to commit a 50% match **per activity**.

Buy Recycled grant funds cannot exceed 15% of an applicant's allocation. For example, if the allocation is \$45,000, then the applicant may apply for \$6,750. A 50% cash match is required for each product purchased in this activity.

Variable Percent Match Activities: Community Outreach, Litter Collection

Each of these activities requires the grantee to commit a variable percent match at 0%, 10% or 20% **per activity**.

Consult the table on page 15 to verify the required variable match percentage for your application.

For **Community Outreach**, estimate the percentage of grant funds to be spent on recycling and litter prevention:

■ % recycling ■ % litter prevention

BUDGET DETAILS

Applicant: The City of Grove City

Instructions: Complete this form for **each** requested activity. Submit this form **only** for the activities you request, and submit **only** the page(s) that contain the line items for which you request grant and/or matching funds. **Round** all subtotals to the nearest whole dollar.

Activity: Awareness

SALARIES

In detail, account for all costs that fall under this line item. Include a title and description for each management and labor position, hours per year and wages per hour.

SALARIES DESCRIPTIONS	SUBTOTALS (in whole dollars)
<p>*Note: City of Grove City match will be that of Keep Grove City Beautiful Coordinator</p>	<p>10,304.00</p>
<p>"Total" in the box at right must equal the Salaries "Total" on the Budget form.</p>	<p>TOTAL: \$9835.00</p>

BUDGET DETAILS

Applicant: The City of Grove City

Instructions: Complete this form for **each** requested activity. Submit this form **only** for the activities you request, and submit **only** the page(s) that contain the line items for which you request grant and/or matching funds. **Round** all subtotals to the nearest whole dollar.

Activity: Awareness

ADVERTISING AND PRINTING

*In detail, account for all costs that fall under this line item. **Include** a description of the item(s), the cost per item, the total number of items and the total cost for the item(s).*

ADVERTISING AND PRINTING DESCRIPTIONS	SUBTOTALS (in whole dollars)
Newspaper ads, ¼ page, to promote cleanups, recycling drives, and cigarette prevention program in each of the three local newspapers: Grove City News, Grove City Record and the Southwest Messenger.	1200.00
Flyers to promote the paper recycling drive, to go out to 11,000 residents in plastic bag door hangers.	900.00
Printing of educational material for residents on recycling and waste removal for use in the following ways: presentations to civic groups, scouting troops, farmers market, earth camp and the Great American Cleanup.	500.00
Sponsor banner for the Great American Cleanup	80.00
Banner for Environmental Day in April	200.00
"Total" in the box at right must equal the Advertising and Printing "Total" on the Budget form.	TOTAL: \$2880.00

BUDGET DETAILS

Applicant: The City of Grove City

Instructions: Complete this form for **each** requested activity. Submit this form **only** for the activities you request, and submit **only** the page(s) that contain the line items for which you request grant and/or matching funds. **Round** all subtotals to the nearest whole dollar.

Activity: Awareness

OTHER

*In detail, account for all costs that fall under this line item. **Include** a description of the item(s), the cost per item, the total number of items and the total cost for the item(s). **In addition**, include any other descriptions of requested expenditures that will help the Division understand precisely how grant and match dollars will be spent.*

OTHER DESCRIPTIONS	SUBTOTALS <i>(in whole dollars)</i>
Purchase Great American Cleanup t-shirts: 200 @ \$8.50 each	1700.00
Keep Grove City Beautiful t-shirts/shirts	400.00
Pencils, pens, water bottles, lanyards, magnets, key chains, fans, Frisbees, activity books, post it notes, seedlings, awards (cost for these promotional items is less than \$5 per item)	2500.00
One day earth camp at Gantz Park includes, workshops, craft materials and supplies for workstations and identification ie; hats, t-shirts, lanyards etc, for kids attending the one day camp.	750.00
Environmental Day (April 22, 2006) paper recycling/thief identity, from 9-1, 3 trucks @ \$190.00 per hr. Shredding services provided by Shred-it.	2400.00
Membership for KAB	150.00
Membership for OALPRP	75.00
<p>"Total" in the box at right must equal the Other "Total" on the <i>Budget</i> form.</p> <p style="text-align: right;">TOTAL:</p>	\$7975.00

BUDGET DETAILS

Applicant: The City of Grove City

Instructions: Complete this form for each requested activity. Submit this form **only** for the activities you request, and submit **only** the page(s) that contain the line items for which you request grant and/or matching funds. **Round** all subtotals to the nearest whole dollar.

Activity: Awareness

SUPPLIES

*In detail, account for all costs that fall under this line item. **Include** a description of the item(s), the cost per item, the total number of items and the total cost for the item(s). **In addition**, include any other descriptions of requested expenditures that will help the Division understand precisely what grant and match dollars will purchase.*

SUPPLIES DESCRIPTIONS	SUBTOTALS (in whole dollars)
Litter boxes/recycling lids for city wide events:	1600.00
Recycling containers, for aluminum and plastics, to be placed at the Big Splash and one additional park: 3 containers	1700.00
Liners for recycling containers: 2 cases at \$28.50	60.00
Pocket Ashtrays for use in the Cigarette Litter Prevention Program 100 per case at 85.00 per case: total of 10 cases.	850.00
<p>"Total" in the box at right must equal the Supplies "Total" on the <i>Budget</i> form.</p> <p style="text-align: right;">TOTAL:</p>	\$4210.00

BUDGET DETAILS

Applicant: The City of Grove City

Instructions: Complete this form for **each** requested activity. Submit this form **only** for the activities you request, and submit **only** the page(s) that contain the line items for which you request grant and/or matching funds. **Round** all subtotals to the nearest whole dollar.

Activity: Awareness

TRAVEL AND EXPENSES

*In detail, account for all costs that fall under this line item. Include any descriptions of requested expenditures that will help the Division understand precisely how grant and match dollars will be spent. For **vehicle expenses**, detail the lease, maintenance, fuel, insurance expenses or mileage reimbursement for each vehicle. For **workshop and training expenses**, specify the purpose and name of the event, the sponsor, the date and the cost.*

TRAVEL AND EXPENSES DESCRIPTIONS	SUBTOTALS (in whole dollars)
Travel and registration fees for national and regional conferences and seminars: i.e.; KAB, OALPRP, ODNR, Partners Conference and workshops for board members.	2500.00
"Total" in the box at right must equal the Travel and Expenses "Total" on the <i>Budget</i> form.	TOTAL: \$2500.00



SWACO

SOLID WASTE AUTHORITY OF CENTRAL OHIO

Grant Program Grant Handbook

I. ALLOWABLE USES FOR GRANTEE EXPENDITURES

A. Purpose and Scope

1. Objectives. This Attachment establishes principles for determining the allowable costs incurred by Grantees receiving grants, from the Solid Waste Authority of Central Ohio. The principles are designed to provide that SWACO awards are spent in conformance with local, state and federal laws and regulations.

2. Policy guides.

a. The application of these principles is based on the fundamental premises that:

1. Grantees are responsible for the efficient and effective administration of SWACO awards through the application of sound management practices.
2. Grantees assume sole responsibility for administering SWACO grant funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the grant award.
3. Each grantee, in recognition of its own unique combination of staff, facilities, and experience, will have the primary responsibility for employing whatever form of organization and management techniques may be necessary to assure proper and efficient administration of SWACO grant awards.

B. Definitions

1. "Approval or authorization of SWACO" means written documentation evidencing consent prior to incurring a specific cost. If such costs are specifically identified in a SWACO award document or Grant Agreement, approval or execution of the document constitutes approval of the costs. If the costs are covered by a indirect cost proposal, approval of the plan constitutes the approval.
2. "Award means grants, cost reimbursement contracts and other agreements between a Grantee and SWACO.
3. "Claim" means a written demand or written assertion by SWACO or grantee, seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of award terms, or other relief arising under or relating to the award. A voucher, invoice or other routine request for payment that is not a dispute when submitted is not a claim. Appeals, such as those filed by a grantee in response to questioned audit costs, are not considered claims until a final management decision is made by SWACO staff.
4. "Contract" means a mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the grantee to an expenditure of funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited

to); awards and notices of awards; job orders or task orders issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and, bilateral contract modifications.

5. "Cost" means an amount as determined on a cash, accrual, or other basis acceptable to SWACO. It does not include transfers to a general or similar fund.

6. "Generation Fee" means monies levied and collected by SWACO pursuant to Ohio Revised Code Section 3734.57 for expenditure consistent with O.R.C. 3734.57 (G) (1)-(10).

C. Basic Guidelines

1. "Factors affecting allowability of costs". To be allowable under SWACO awards, costs must meet the following general criteria:

a. Be necessary and reasonable for proper and efficient performance and administration of SWACO grants.

b. Be allocable to SWACO grants under the provisions of this Attachment.

c. Be authorized or not prohibited under state, federal or local laws or regulations, and to the extent SWACO Generation fee monies constitute all or a portion of the Grant Award, expenditures must be consistent with those activities set forth in Ohio Revised Code Section 3734.57 (G).

d. Conform to any limitations or exclusions set forth in these principles, state laws, terms and conditions of the SWACO award, or other governing regulations as to types or amounts of cost items.

e. Be consistent with policies, regulations, and procedures that apply uniformly to both SWACO grants and other activities of SWACO.

f. Be accorded consistent treatment. A cost may not be assigned to a SWACO grant as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the SWACO grant as an indirect cost.

g. Except as otherwise provided for in this Grant Handbook, be determined in accordance with generally accepted accounting principles.

h. Except as explicitly allowed in the Grant Agreement, not be included as a cost or used to meet cost sharing or matching requirements of any other grant award in either the current or a prior period.

i. Be adequately documented.

2. Reasonable costs. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration shall be given to:

a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the grantee or the performance of the SWACO award.

b. The restraints or requirements imposed by such factors as: sound business practices; arms length bargaining; Federal, State and other laws and regulations; and, terms and conditions of the SWACO grant.

c. Market prices for comparable goods or services.

d. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to their employees, the public at large, the State of Ohio and SWACO.

e. Significant deviations from the established practices and best business practices which may unjustifiably increase the SWACO grants cost.

3. Allocable costs.

- a. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.
- b. All activities which benefit from the grantee's indirect cost, including unallowable activities and services donated to the grantee by third parties, will receive an appropriate allocation of indirect costs.
- c. Unless explicitly allowed in this Grant any cost allocable to a particular SWACO grant or cost objective under the principles provided for in this Grant Handbook may not be charged to any other State or Federal awards or grants to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the SWACO awards, or for other reasons. However, this prohibition would not preclude grantee from shifting costs that are allowable under two or more awards in accordance with existing program agreements.

D. Composition of Cost

1. Total cost. The total cost of a SWACO grant is comprised of the allowable direct cost of the program, plus its allocable portion of allowable indirect costs, less applicable credits. 2. Classification of costs. There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the SWACO grant or other final cost objective. Therefore, it is essential that each item of cost be treated consistently in like circumstances either as a direct or an indirect cost. Guidelines for determining direct and indirect costs charged to SWACO awards are provided in the sections that follow.

E. Direct Costs

1. General. Direct costs are those that can be identified specifically with a particular final cost objective.
2. Application. Typical direct costs chargeable to SWACO grants are:
 - a. Compensation of employees for the time devoted and identified specifically to the performance of those awards.
 - b. Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.
 - c. Equipment and other approved capital expenditures.
 - d. Travel expenses incurred specifically to carry out the award.
3. Minor items. Any direct cost of a minor amount may be treated as an indirect cost for reasons of practicality where such accounting treatment for that item of cost is consistently applied to all cost objectives.

F. Indirect Costs

1. General. Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within a grantee department or in other agencies providing services to a grantee department.

Indirect cost pools should be distributed to benefited cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.

2. Limitation on indirect or administrative costs.

a. In addition to restrictions contained in this Grant Handbook, there may be laws that further limit the amount of administrative or indirect cost allowed.

b. Amounts not recoverable as indirect costs or administrative costs under one SWACO grant may not be shifted to another Federal, state, or local award, unless specifically authorized by this Grant.

II. SELECTED ITEMS OF COST

1. Accounting
2. Advertising and public relations costs
3. Advisory councils
4. Alcoholic beverages
5. Audit services
6. Automatic electronic data processing
7. Bad debts
8. Bonding costs
9. Budgeting
10. Communications
11. Compensation for personnel services
 - a. General
 - b. Reasonableness
 - c. Unallowable costs
 - d. Fringe benefits
 - e. Pension plan costs
 - f. Post-retirement health benefits
 - g. Severance Pay
 - h. Support of salaries and wages
 - i. Donated services
12. Contingencies
13. Contributions and donations
14. Defense and prosecution of criminal and civil proceedings, and claims
15. Depreciation and use allowances
16. Disbursing service
17. Employee morale, health, and welfare costs
18. Entertainment
19. Equipment and other capital expenditures
20. Fines and penalties
21. Fund raising and investment management costs
22. Gains and losses on disposition of depreciable property and other capital assets
23. Idle facilities and idle capacity
24. Insurance and indemnification
25. Interest

26. Lobbying
27. Maintenance, operations, and repairs
28. Materials and supplies
29. Memberships, subscriptions, and professional activities
30. Motor pools
31. Pre-award costs
32. Professional service costs
33. Proposal costs
34. Publication and printing costs
35. Rearrangements and alterations
36. Reconversion costs
37. Rental costs
38. Taxes
39. Training
40. Travel costs
41. Under-recovery of costs under SWACO agreements

Sections 1 through 41 provide principles to be applied in establishing the allowability or unallowability of certain items of cost. These principles apply whether a cost is treated as direct or indirect. A cost is allowable for reimbursement only to the extent of benefits received by SWACO and its conformance with the general policies and principles stated in this Grant Program Handbook. Failure to mention a particular item of cost in these sections is not intended to imply that it is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment or standards provided for similar or related items of cost, and shall be allowed at the sole and complete discretion of SWACO.

1. Accounting. The cost of establishing and maintaining accounting and other information systems is allowable.

2. Advertising and public relations costs.

a. The term "advertising costs" means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television programs, direct mail, exhibits, and the like.

b. The term "public relations" includes community relations and means those activities dedicated to maintaining the image of the grantee or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.

c. advertising costs are allowable only when incurred for the recruitment of personnel, the procurement of goods and services, the disposal of surplus materials, and any other specific purposes necessary to meet the requirements of the SWACO award.

d. Public relations costs are allowable when:

1. Specifically required by the SWACO grant and then only as a direct cost;
2. Incurred to communicate with the public and press pertaining to specific activities or accomplishments that result from performance of work pursuant to the SWACO grant and then only as a direct cost; or
3. Necessary to conduct general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of SWACO

contract/grant awards, financial matters, etc.

e. Unallowable advertising and public relations costs include the following:

1. All advertising and public relations costs other than as specified in subsections c. and d.;
 2. Except as otherwise permitted by these cost principles, costs of conventions, meetings, or other events related to other activities of the grantee including:
 - (a) Costs of displays, demonstrations, and exhibits;
 - (b) Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and
 - (c) Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings;
 3. Costs of promotional items and memorabilia, including models, gifts, and souvenirs; and
 4. Costs of advertising and public relations designed solely to promote the grant
3. Advisory councils. Costs incurred by advisory councils or committees are allowable as a direct cost where authorized by SWACO.
4. Alcoholic beverages. Costs of alcoholic beverages are unallowable.
5. Audit services. The costs of audits are allowable provided that the audits were performed in accordance with Generally Accepted Accounting Principles, and upon approval by SWACO's Chief Financial Officer. Costs chargeable to the SWACO grant for said audit may not exceed ten (10) percent of the total grant award. Other audit costs are allowable if specifically approved by the Grant as a direct cost to an award or included as an indirect cost in a cost allocation plan or rate.
6. Automatic electronic data processing. The cost of data processing services is allowable (but see section 19, Equipment and other capital expenditures).
7. Bad debts. Any losses arising from uncollectible accounts and other claims, and related costs, are unallowable unless provided for in the SWACO grant.
8. Bonding costs. Costs of bonding employees and officials are allowable to the extent that such bonding is in accordance with sound business practice.
9. Budgeting. Costs incurred for the development, preparation, presentation, and execution of budgets are allowable.
10. Communications. Costs of telephone, mail, messenger, and similar communication services are allowable.
11. Compensation for personnel services.
- a. General. Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under SWACO grants, including but not necessarily limited to wages, salaries, and fringe benefits. The costs of such compensation are allowable to the extent that they satisfy the specific requirements of this Exhibit, and that the total compensation for individual employees:
 1. Is reasonable for the services rendered and conforms to the local market rates for comparable service. Comparable market rates shall be established by using a management consultant acceptable to SWACO;

2. Follows an appointment made in accordance with federal, state and local laws and rules and meets merit system or other requirements required by Federal law, where applicable; and
3. Is determined and supported as provided in subsection h.

b. Reasonableness. Compensation for employees engaged in work on SWACO grants will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the grantee. In cases where the kinds of employees required for SWACO grants are not found in the other activities of the grantee, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the grantee competes for the kind of employees involved. Compensation surveys providing data representative of the labor market involved will be an acceptable basis for evaluating reasonableness.

c. Unallowable costs. Costs which are unallowable under other sections of these principles shall not be allowable under this section solely on the basis that they constitute personnel compensation.

d. Fringe benefits.

1. Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave, employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in these principles, the costs of fringe benefits are allowable to the extent that the benefits are reasonable and are required by law, labor agreement, or an established, written, long-term policy of the grantee.
2. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, holidays, court leave, military leave, and other similar benefits, are allowable if: (a) they are provided under established written leave policies; (b) the costs are equitably allocated to all related activities, including SWACO grants and, (c) the accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the grantee.
3. When a grantee uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment provided they are allocated as a general administrative expense to all activities of the grantee.
4. The accrual basis may be only used for those types of leave for which a liability as defined by Generally Accepted Accounting Principles (GAAP) exists when the leave is earned. When a grantee uses the accrual basis of accounting, in accordance with GAAP, allowable leave costs are the lesser of the amount accrued or funded.
5. The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and workers compensation insurance (except as indicated in section 24, Insurance and Indemnification; pension plan costs (see subsection e.); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits, whether treated as indirect costs or as direct costs, shall be allocated to SWACO grants and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such SWACO grants and other activities.

e. Pension plan costs. Pension plan costs may be computed using a pay-as-you-go method or an acceptable actuarial cost method in accordance with established written policies of the grantee.

1. For pension plans financed on a pay-as-you-go method, allowable costs will be limited to those representing actual payments to retirees or their beneficiaries.
 2. Pension costs calculated using an actuarial cost-based method recognized by GAAP are allowable for a given fiscal year if they are funded for that year within six months after the end of that year. Costs funded after the six month period (or a later period as allowed by any applicable statutes) are allowable in the year funded. The grantee may agree to an extension of the six month period if an appropriate adjustment is made to compensate for the timing of the charges to SWACO and related SWACO reimbursement and the grantee's contribution to the pension fund. Adjustments may be made by cash refund or other equitable procedures to compensate SWACO for the time value of SWACO reimbursements in excess of contributions to the pension fund.
 3. Amounts funded by the grantee in excess of the actuarially determined amount for a fiscal year may be used as the grantee's contribution in future periods.
 4. When a grantee converts to an acceptable actuarial cost method, as defined by GAAP, and funds pension costs in accordance with this method, the unfunded liability at the time of conversion shall be allowable if amortized over a period of years in accordance with GAAP.
 5. SWACO shall receive an equitable share of any previously allowed pension costs including earnings thereon) which revert or inure to the grantee in the form of a refund, withdrawal, or other credit.
- f. Post-retirement health benefits. Post-retirement health benefits (PRHB) refers to costs of health insurance or health services not included in a pension plan covered by subsection e. for retirees and their spouses, dependents, and survivors. PRHB costs may be computed using a pay-as-you-go method or an acceptable actuarial cost method in accordance with established written policies of the grantee.

1. For PRHB financed on a pay-as-you-go method, allowable costs will be limited to those representing actual payments to retirees or their beneficiaries.
2. PRHB costs calculated using an actuarial cost method recognized by GAAP are allowable if they are funded for that year within six months after the end of that year. Costs funded after the six month period (or a later period agreed to by SWACO) are allowable in the year funded. SWACO may agree to an extension of the six month period if an appropriate adjustment is made to compensate for the timing of the charges to the SWACO and related SWACO reimbursements and the grantees contributions to the PRHB fund. Adjustments may be made by cash refund, reduction in current year's PRHB costs, or other equitable procedures to compensate SWACO for the time value of SWACO reimbursements in excess of contributions to the PRHB fund.
3. Amounts funded in excess of the actuarially determined amount for a fiscal year may be used as the grantee's contribution in a future period.
4. When a grantee converts to an acceptable actuarial cost method and funds PRHB costs in accordance with this method, the initial unfunded liability attributable to prior years shall be allowable if amortized over a period of years in accordance with GAAP, or, if no such GAAP period exists, over a period negotiated with SWACO.
5. To be allowable in the current year, the PRHB costs must be paid either to:

(a) An insurer or other benefit provider as current year costs or premiums, or

(b) An insurer or trustee to maintain a trust fund or reserve for the sole purpose of

providing post-retirement benefits to retirees and other beneficiaries.

6. SWACO shall receive an equitable share of any amounts of previously allowed post-retirement benefit costs (including earnings thereon) which revert or inure to the grantee in the form of a refund, withdrawal, or other credit.

g. Severance pay.

1. Payments in addition to regular salaries and wages made to workers whose employment is being terminated are allowable to the extent that, in each case, they are required by (a) law, (b) employer-employee agreement, or (c) established written policy.
2. Severance payments (but not accruals) associated with normal turnover are allowable. Such payments shall be allocated to all activities of the grantee as an indirect cost.
3. Abnormal or mass severance pay will be considered on a case-by-case basis and is allowable only if approved by SWACO.

h. Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.

1. Charges to SWACO grants for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the grantee and approved by a responsible official(s) of the grantee.
2. No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.
3. Where employees are expected to work solely on a single SWACO grant or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.
4. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by SWACO. Such documentary support will be required where employees work on:

- (a) More than one grant award,
- (b) A SWACO award and a non-SWACO award,
- (c) An indirect cost activity and direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity

5. Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after-the-fact distribution of the actual activity of each employee,
 - (b) They must account for the total activity for which each employee is compensated,
 - (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
 - (d) They must be signed by the Employee
 - (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to SWACO grants but may be used for interim accounting purposes, provided that:
 - (i) The grantee's system for establishing the estimates produces reasonable approximations of the activity actually performed;
 - (ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to SWACO grants, to reflect adjustments made as a result of the activity actually performed, may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and
 - (iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.
6. Substitute systems for allocating salaries and wages to SWACO grants may be used in place of activity reports. These systems are subject to approval if required by SWACO. Such systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee effort.
- (a) Substitute systems which use sampling methods (primarily for Aid to Families with Dependent Children (AFDC), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:
 - (i) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in subsection (c);
 - (ii) The entire time period involved must be covered by the sample; and
 - (iii) The results must be statistically valid and applied to the period being sampled.
 - (b) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.
 - (c) Less than full compliance with the statistical sampling standards noted in subsection

(a) may be accepted by SWACO if it concludes that the amounts to be allocated to SWACO grants will be minimal, or if it concludes that the system proposed by the grantee will result in lower costs to SWACO grants than a system which complies with the standards.

7. Salaries and wages of employees used in meeting cost sharing or matching requirements of SWACO grants must be supported in the same manner as those claimed as allowable costs under SWACO grants.

i. Donated services.

1. Donated or volunteer services may be furnished to a grantee by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services is not reimbursable either as a direct or indirect cost. However, the value of donated services may be used to meet cost sharing or matching requirements in accordance with the provisions of the Common Rule.
 2. The value of donated services utilized in the performance of a direct cost activity shall, when material in amount, be considered in the determination of the grantee's indirect costs or rate(s) and, accordingly, shall be allocated a proportionate share of applicable indirect costs.
 3. To the extent feasible, donated services will be supported by the same methods used by the grantee to support the allocability of regular personnel services.
12. Contingencies. Contributions to a contingency reserve or any similar provision made for events the occurrence of which cannot be foretold with certainty as to time, or intensity, or with an assurance of their happening, are unallowable. The term "contingency reserve" excludes self-insurance reserves (see subsection 24.c.), pension plan reserves (see subsection 11.e.), and post-retirement health and other benefit reserves (see subsection 11.f.) computed using acceptable actuarial cost methods.
13. Contributions and donations. Contributions and donations, including cash, property, and services, by grantee to others, regardless of the recipient, are unallowable.
14. Defense and prosecution of criminal and civil proceedings, and claims.

a. The following costs are unallowable for Grants

1. Costs incurred in defense of any civil or criminal fraud proceeding or similar proceeding.
2. Costs incurred by a contractor in connection with any criminal, civil or administrative proceedings commenced by the United States, a State or any political subdivision of a state.

b. Legal expenses for prosecution of claims against the federal Government, any State Government or SWACO are unallowable.

15. Depreciation and use allowances.

a. Depreciation and use allowances are means of allocating the cost of fixed assets to periods benefiting from asset use. Compensation for the use of fixed assets on hand may be made through depreciation or use allowances. A combination of the two methods may not be used in connection with a single class of fixed assets (e.g., buildings, office equipment, computer equipment, etc.) except as provided in subsection g. Classes of assets shall be determined in accordance with GAAP.

b. The computation of depreciation or use allowances shall be based on the acquisition cost of the assets involved. Where actual cost records have not been maintained, a reasonable estimate of the original acquisition cost may be used. The value of an asset donated to the grantee by an unrelated

third party shall be its fair market value at the time of donation. Subsidiaries, parents companies or other organizations which have an ownership interest in grantee shall not be considered unrelated third parties for this purpose.

c. The computation of depreciation or use allowances will exclude:

1. The cost of land;
2. Any portion of the cost of buildings and equipment borne by or donated by State or Federal Government, or any subdivisions thereof, irrespective of where title was originally vested or where it presently resides; and
3. Any portion of the cost of buildings and equipment contributed by or for the grantee, or a related donor organization, in satisfaction of a matching requirement.

d. Where the use allowance method is followed, the use allowance for buildings and Improvements (including land improvements, such as paved parking areas, fences, and sidewalks) will be computed at an annual rate not exceeding two percent of acquisition costs. The use allowance for equipment will be computed at an annual rate not exceeding 6 2/3 percent of acquisition cost. When the use allowance method is used for buildings, the entire building must be treated as a single asset; the building's components (e.g., plumbing system, heating and air condition, etc.) cannot be segregated from the building's shell. The two percent limitation, however, need not be applied to equipment which is merely attached or fastened to the building but not permanently fixed to it and which is used as furnishings or decorations or for specialized purposes (e.g., dentist chairs and dental treatment units, counters, laboratory benches bolted to the floor, dishwashers, modular furniture, carpeting, etc.). Such equipment will be considered as not being permanently fixed to the building if it can be removed without the destruction of, or need for costly or extensive alterations or repairs, to the building or the equipment. Equipment that meets these criteria will be subject to the 6 2/3 percent equipment use allowance limitation.

e. Where the depreciation method is followed, the period of useful service (useful life) established in each case for usable capital assets must take into consideration such factors as type of construction, nature of the equipment used, historical usage patterns, technological developments, and the renewal and replacement policies of the grantee followed for the individual items or classes of assets involved. In the absence of clear evidence indicating that the expected consumption of the asset will be significantly greater in the early portions than in the later portions of its useful life, the straight line method of depreciation shall be used. Depreciation methods once used shall not be changed unless approved by SWACO. When the depreciation method is introduced for application to an asset previously subject to a use allowance, the annual depreciation charge thereon may not exceed the amount that would have resulted had the depreciation method been in effect from the date of acquisition of the asset. The combination of use allowances and depreciation applicable to the asset shall not exceed the total acquisition cost of the asset or fair market value at time of donation.

f. When the depreciation method is used for buildings, a building's shell may be segregated from the major component of the building (e.g., plumbing system, heating, and air conditioning system, etc.) and each major component depreciated over its estimated useful life, or the entire building (i.e., the shell and all components) may be treated as a single asset and depreciated over a single useful life.

g. A reasonable use allowance may be negotiated for any assets that are considered to be fully depreciated, after taking into consideration the amount of depreciation previously charged to the grantee, the estimated useful life remaining at the time of negotiation, the effect of any increased maintenance charges, decreased efficiency due to age, and any other factors pertinent to the

utilization of the asset for the purpose contemplated.

h. Charges for use allowances or depreciation must be supported by adequate property records. Physical inventories must be taken at least once every two years (a statistical sampling approach is acceptable) to ensure that assets exist, and are in use. Grantee will manage equipment in accordance with Federal and State laws and procedures. When the depreciation method is followed, depreciation records indicating the amount of depreciation taken each period must also be maintained.

16. Disbursing service. The cost of disbursing funds by the Treasurer or other designated officer is allowable.

17. Employee morale, health, and welfare costs. The costs of health or first-aid clinics and/or infirmaries, recreational facilities, employee counseling services, employee information publications, and any related expenses incurred in accordance with grantee's policy are allowable. Income generated from any of these activities will be offset against expenses.

18. Entertainment. Costs of entertainment, including amusement, diversion, political activities, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.

19. Equipment and other capital expenditures.

a. As used in this section the following terms have the meanings as set forth below:

1. "Capital expenditure" means the cost of the asset including the cost to put it in place. Capital expenditure for equipment means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duties, protection in transit insurance, freight, and installation may be included in, or excluded from, capital expenditure cost in accordance with the grantee's regular accounting practices.
2. "Equipment" means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals the lesser of (a) the capitalization level established by the grantee for financial statement purposes, or (b) \$5000.
3. "Other capital assets" mean buildings, land, and improvements to buildings or land that materially increase their value or useful life.

b. Capital expenditures which are not charged directly to a SWACO grant may be recovered through use allowances or depreciation on buildings, capital improvements, and equipment (see section 15). See also section 37 for allowability of rental costs for buildings and equipment.

c. Capital expenditures for equipment, including replacement equipment, other capital assets, and improvements which materially increase the value or useful life of equipment or other capital assets are allowable as a direct cost when approved by SWACO. SWACO is authorized at its option to waive or delegate this approval requirement.

d. Items of equipment with an acquisition cost of less than \$5000 are considered to be supplies and are allowable as direct costs of SWACO grants without specific approval.

e. The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by (1) continuing to claim the otherwise allowable use allowances or depreciation charges on the equipment or by (2) amortizing the amount to be written off over a period of years negotiated with the cognizant agency.

f. Except as explicitly set-forth in the Grant Agreement, when replacing equipment purchased in whole or in part with SWACO grant funds, the grantee may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

20. Fines and penalties. Fines, penalties, damages, and other settlements resulting from violations (or alleged violations) of, or failure of the grantee to comply with, Federal, State, local, or Indian tribal laws and regulations are unallowable.

21. Fund raising and investment management costs.

a. Costs of organized fund raising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable, regardless of the purpose for which the funds will be used.

b. Costs of investment counsel and staff and similar expenses incurred to enhance income from investments are unallowable. However, such costs associated with investments covering pension, self-insurance, or other funds which are allowed by this Grant Handbook are allowable.

22. Gains and losses on disposition of depreciable property and other capital assets and substantial relocation of SWACO programs.

a. Disposition of depreciable property

1. Gains and losses on the sale, retirement, or other disposition of depreciable property shall be included in the year in which they occur as credits or charges to the asset cost grouping(s) in which the property was included. The amount of the gain or loss to be included as a credit or charge to the appropriate asset cost grouping(s) shall be the difference between the amount realized on the property and the undepreciated basis of the property.

2. Gains and losses on the disposition of depreciable property shall not be recognized as a separate credit or charge under the following conditions:

(a) The gain or loss is processed through a depreciation account and is reflected in the depreciation allowable under sections 15 and 19.

(b) The property is given in exchange as part of the purchase price of a similar item and the gain or loss is taken into account in determining the depreciation cost basis of the new item.

(c) A loss results from the failure to maintain permissible insurance, except as otherwise provided in subsection 24.d.

(d) Compensation for the use of the property was provided through use allowances in lieu of depreciation.

b. Substantial relocation of SWACO grants from a facility where SWACO participated in the financing to another facility prior to the expiration of the useful life of the financed facility requires SWACO approval. The extent of the relocation, the amount of the SWACO participation in the financing, and the depreciation charged to date may require negotiation of space charges for SWACO grants.

c. Gains or losses of any nature arising from the sale or exchange of property other than the property covered in subsection a., e.g., land or included in the fair market value used in any adjustment resulting from a relocation of SWACO grants covered in subsection b. shall be excluded in computing SWACO grant costs.

23. Idle facilities and idle capacity.

a. As used in this section the following terms have the meanings set forth below:

1. "Facilities" means land and buildings or any portion thereof, equipment individually or collectively, or any other tangible capital asset, wherever located, and whether owned or

leased by the grantee.

2. "Idle facilities" means completely unused facilities that are excess to the grantee's current needs.
3. "idle capacity" means the unused capacity of partially used facilities. It is the difference between (a) that which a facility could achieve under 100 percent operating time on a one-shift basis less operating interruptions resulting from time lost for repairs, setups, unsatisfactory materials, and other normal delays and (b) the extent to which the facility was actually used to meet demands during the accounting period. A multi-shift basis should be used if it can be shown that this amount of usage would normally be expected for the type of facility involved.
4. "Cost of idle facilities or idle capacity" means costs such as maintenance, repair, housing, rent, and other related costs, e.g., insurance, interest, and depreciation or use allowances.

b. The costs of idle facilities are unallowable except to the extent that:

1. They are necessary to meet fluctuations in workload; or
2. Although not necessary to meet fluctuations in workload, they were necessary when acquired and are now idle because of changes in program requirements, efforts to achieve more economical operations, reorganization, termination, or other causes which could not have been reasonably foreseen. Under the exception stated in this subsection, costs of idle facilities are allowable for a reasonable period of time, ordinarily not to exceed one year, depending on the initiative taken to use, lease, or dispose of such facilities.

c. The costs of idle capacity are normal costs of doing business and are a factor in the normal fluctuations of usage or indirect cost rates from period to period. Such costs are allowable, provided that the capacity is reasonably anticipated to be necessary or was originally reasonable and is not subject to reduction or elimination by use on other grant awards, subletting, renting, or sale, in accordance with sound business, economic, or security practices. Widespread idle capacity throughout an entire facility or among a group of assets having substantially the same function may be considered idle facilities.

24. Insurance and indemnification.

a. Costs of insurance required or approved and maintained, pursuant to the SWACO grant, are allowable.

b. Costs of other insurance in connection with the general conduct of activities are allowable subject to the following limitations:

1. Types and extent and cost of coverage are in accordance with the grantee's policy and sound business practice.
2. Costs of insurance or of contributions to any reserve covering the risk of loss of, or damage to, SWACO property are unallowable except to the extent that SWACO has specifically required and approved such costs.

c. Actual losses which could have been covered by permissible insurance (through a self-insurance program or otherwise) are unallowable, unless expressly provided for in the grant or as described below. Costs incurred because of losses not covered under nominal deductible insurance coverage provided in keeping with sound management practice, and minor losses not covered by insurance, such as spoilage, breakage, and disappearance of small hand tools, which occur in the ordinary

course of operations, are allowable.

d. Contributions to a reserve for certain self-insurance programs including workers compensation, unemployment compensation, and severance pay are allowable subject to the following provisions:

1. The type of coverage and the extent of coverage and the rates and premiums would have been allowed had insurance (including reinsurance) been purchased to cover the risks. However, provision for known or reasonably estimated self-insured liabilities, which do not become payable for more than one year after the provision is made, shall not exceed the discounted present value of the liability. The rate used for discounting the liability must be determined by giving consideration to such factors as the grantee's settlement rate for those liabilities and its investment rate of return.
2. Earnings or investment income on reserves must be credited to those reserves.
3. Contributions to reserves must be based on sound actuarial principles using historical experience and reasonable assumptions. Reserve levels must be analyzed and updated at least biennially for each major risk being insured and take into account any reinsurance, coinsurance, etc. Reserve levels related to employee-related coverages will normally be limited to the value of claims (a) submitted and adjudicated but not paid, (b) submitted but not adjudicated, and (c) incurred but not submitted. Reserve levels in excess of the amounts based on the above must be identified and justified in the cost allocation plan or indirect cost rate proposal.
4. Accounting records, actuarial studies, and cost allocations (or billings) must recognize any significant differences due to types of insured risk and losses generated by the various insured activities or agencies of the grantee. If individual subsidiaries or departments of the grantee experience significantly different levels of claims for a particular risk, those differences are to be recognized by the use of separate allocations or other techniques resulting in an equitable allocation.
5. Whenever funds are transferred from a self-insurance reserve to other accounts (e.g., general fund), refunds shall be made to SWACO for its share of funds transferred, including earned or imputed interest from the date of transfer.

e. Actual claims paid to or on behalf of employees or former employees for workers compensation, unemployment compensation, severance pay, and similar employee benefits (e.g., subsection 11.f. for post retirement health benefits), are allowable in the year of payment provided (1) the grantee follows a consistent costing policy and (2) they are allocated as a general administrative expense to all activities of the grantee.

f. Insurance refunds shall be credited against insurance costs in the year the refund is received.

g. Costs of commercial insurance that protects against the costs of the contractor for correction of the contractor's own defects in materials or workmanship are unallowable.

25. Interest.

a. Costs incurred for interest on borrowed capital or the use of a grantee's own funds however represented, are unallowable except as specifically provided and authorized by the grant.

26. Lobbying. The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost.

27. Maintenance, operations, and repairs. Unless prohibited by law, the cost of utilities, insurance, security, janitorial services, elevator service, upkeep of grounds, necessary maintenance, normal repairs and alterations, and the like are allowable to the extent that they: (1) keep property (including SWACO property, unless otherwise provided for) in an efficient operating condition, (2) do not add

to the permanent value of property or appreciably prolong its intended life, and (3) are not otherwise included in rental or other charges for space. Costs which add to the permanent value of property or appreciably prolong its intended life shall be treated as capital expenditures (see sections 15 and 19).

28. Materials and supplies. The cost of materials and supplies is allowable. Purchases should be charged at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received. Withdrawals from general stores or stockrooms should be charged at cost under any recognized method of pricing, consistently applied. Incoming transportation charges are a proper part of materials and supply costs. Grantee shall remit upon request by SWACO, copies of receipts, invoices or bills, and proof of payment of the same.

29. Memberships, subscriptions, and professional activities.

a. Costs of the grantee's memberships in business, technical, and professional organizations are non-allowable.

b. Costs of the grantee's subscriptions to business, professional, and technical periodicals are non-allowable.

c. Costs of meetings and conferences where the primary purpose is the dissemination of technical information, including meals, transportation, rental of meeting facilities, and other incidental costs are allowable.

d. Costs of membership in civic and community social organizations are allowable as a direct cost with the approval of SWACO.

e. Costs of membership in organizations substantially engaged in lobbying are unallowable.

30. Motor pools. The costs of a service organization which provides automobiles to user grantee at a mileage or fixed rate and/or provides vehicle maintenance, inspection, and repair services are allowable.

31. Pre-award costs. Pre-award costs are those incurred prior to the effective date of the award directly pursuant to the negotiation and in anticipation of the award where such costs are necessary to comply with the proposed delivery schedule or period of performance. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the award and only with the written approval of SWACO.

32. Professional service costs.

a. Cost of professional and consultant services rendered by persons or organizations that are members of a particular profession or possess a special skill, whether or not officers or employees of the grantee, are allowable, subject to section 14 when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from SWACO.

b. Retainer fees supported by evidence of bona fide services available or rendered are allowable.

33. Proposal costs. Costs of preparing proposals for potential SWACO or other governmental grants are allowable. Proposal costs should normally be treated as indirect costs and should be allocated to all activities of the grantee utilizing the cost allocation plan and indirect cost rate proposal. However, proposal costs may be charged directly to SWACO with the written approval of SWACO.

34. Publication and printing costs. Publication costs, including the costs of printing (including the processes of composition, plate-making, press work, and binding, and the end products produced by such processes), distribution, promotion, mailing, and general handling are allowable.

35. Rearrangements and alterations. Costs incurred for ordinary and normal rearrangement and alteration of facilities are allowable. Special arrangements and alterations costs incurred specifically for a SWACO grant are allowable with the prior approval of SWACO.

36. Reconversion costs. Costs incurred in the restoration or rehabilitation of the grantee's facilities to approximately the same condition existing immediately prior to commencement of

SWACO grants, less costs related to normal wear and tear, are allowable.

37. Rental costs.

a. Subject to the limitations described in subsections b. through d. of this section, rental costs are allowable to the extent that the rates are reasonable in light of such facts as: rental costs of comparable property, if any; market conditions in the area; alternatives available; and, the type, life expectancy, condition, and value of the proper leased.

b. Rental costs under sale and leaseback arrangements are allowable only up to the amount that would be allowed had the grantee continued to own the property.

c. Rental costs under less-than-arms-length leases are allowable only up to the amount that would be allowed had title to the property vested in the grantee. For this purpose, less-than-arms-length leases include, but are not limited to, those where:

1. One party to the lease is able to control or substantially influence the actions of the other;
2. Both parties are parts of the same corporate entity or are related to each other; or
3. The grantee creates another legal entity to acquire and lease the facilities to the grantee and other parties.

d. Rental costs under leases which are required to be treated as capital leases under GAAP are allowable only up to the amount that would be allowed had the grantee purchased the property on the date the lease agreement was executed. This amount would include expenses such as depreciation or use allowance, maintenance, and insurance. The provisions of Financial Accounting Standards Board Statement 13 shall be used to determine whether a lease is a capital lease. Interest costs related to capital leases are allowable to the extent they meet the criteria in section 26.

38. Taxes.

a. Taxes that a grantee is legally required to pay are allowable.

b. This provision does not restrict the authority of SWACO to identify taxes where SWACO participation is inappropriate. Where the identification of the amount of unallowable taxes would require an inordinate amount of effort, SWACO may, at its election, accept a reasonable approximation thereof.

39. Training. The cost of training provided for employee development is allowable.

40. Travel costs.

a. General. Travel costs are allowable for expenses for transportation, lodging, subsistence, and related items incurred by employees traveling on official business. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip, and results in charges consistent with those normally allowed in like circumstances in non-SWACO-sponsored activities.

b. Lodging and subsistence. Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by SWACO in its regular operations.

c. Commercial air travel. Airfare costs in excess of the customary standard (coach or equivalent) airfare, are unallowable except when such accommodations would not be reasonably adequate for the medical needs of the traveler. Where a grantee can reasonably demonstrate to SWACO either the non-availability of customary standard airfare for individual trips, specific determinations of non-availability will generally not be questioned by SWACO, unless a pattern of avoidance is detected. However, in order for airfare costs in excess of the customary standard commercial airfare to be

allowable, e.g., use of first-class airfare, the grantee must justify and document on a case-by-case basis the applicable condition(s) set forth above.

41. Underrecovery of costs under any state or federal agreements. Any excess costs over the SWACO contribution under one award agreement are unallowable under other award agreements.

III. CENTRAL SERVICE COST ALLOCATION PLANS

A. General.

1. Most grantees provide certain services, such as motor pools, computer centers, purchasing, accounting, etc., on a centralized basis. Since SWACO grants are performed by grantees with activities other than grant activities, there needs to be a process whereby these central service costs can be identified and assigned to benefitted activities on a reasonable and consistent basis. The central service cost allocation plan provides that process. All costs and other data used to distribute the costs included in the plan should be supported by formal accounting and other records that will support the propriety of the costs assigned to SWACO grants.

B. Definitions.

1. "Billed central services means central services that are accounted for centrally by the organisation and are billed. Typical examples of billed central services include computer services, transportation services, insurance, and fringe benefits.
2. "Allocated central services" means central services that benefit grantee but are not billed on a fee-for-service or similar basis. These costs are allocated on some reasonable basis. Examples of such services might include general accounting, personnel administration, purchasing, etc..

C. Scope of the Central Service Cost Allocation Plans. The central service cost allocation plan will include all central service costs that will be claimed (either as a billed or an allocated cost) under SWACO grants and will be documented as described in section E. Costs of central services omitted from the plan will not be reimbursed.

D. Submission Requirements.

1. Grantee, as requested by SWACO, will submit a plan to SWACO, for activities which it claims central service costs under a SWACO grant. The plan should include (a) a projection of the allocated central service cost (based either on actual costs for the most recently completed year or the budget projection for the coming year), and
(b) a reconciliation of actual allocated central service costs to the estimated costs used for either the most recently completed year or the year immediately preceding the most recently completed year.

E. Documentation Requirements for Submitted Plans. The documentation requirements described in this section may be modified, expanded, or reduced by SWACO on a case-by-case basis. For example, the requirements may be reduced for those central services which have little or no impact on SWACO grants. Conversely, if a review of a plan indicates that certain additional information is needed, and will likely be needed in future years, it may be routinely requested in future plan submissions. Items marked with an asterisk (*) should be submitted only once; subsequent plans should merely indicate any changes since the last plan.

1. General. All proposed plans must be accompanied by the following: an organisation chart

sufficiently detailed to show operation, including the central service activities of the grantee; a copy of the Comprehensive Annual Financial Report (or such other document(s) as accepted by SWACO) to support the allowable costs of each central service activity included in the plan; and, a certification that the plan was prepared in accordance with this Grant Handbook, contains only allowable costs, and was prepared in a manner that treated similar costs consistently among the various grants (if any) and between SWACO and non-SWACO awards/activities.

2. Allocated central services. For each allocated central service, the plan must also include the following: a brief description of the service, an identification of the unit rendering the service and the operating agencies receiving the service, the items of expense included in the cost of the service, the method used to distribute the cost of the service to benefitted agencies, and a summary schedule showing the allocation of each service to the specific benefitted agencies. If any self-insurance funds or fringe benefits costs are treated as allocated (rather than billed) central services, documentation discussed in subsections 3.b. and c. shall also be included.
3. Billed services.

- a. General. The information described below shall be provided for all billed central services, including internal service funds, self-insurance funds, and fringe benefit funds.
- b. Internal service funds.

1. For each internal service fund or similar activity with an operating budget of \$5 million or more, the plan shall include: a brief description of each service; a balance sheet for each fund based on individual accounts contained in the governmental unit's accounting system; a revenue/expenses statement, with revenues broken out by source, e.g., regular billings, interest earned, etc.; a listing of all non-operating transfers (as defined by Generally Accepted Accounting Principles (GAAP)) into and out of the fund; a description of the procedures (methodology) used to charge the costs of each service to users, including how billing rates are determined; a schedule of current rates; and, a schedule comparing total revenues (including imputed revenues) generated by the service to the allowable costs of the service, as determined under this Grant Handbook, with an explanation of how variances will be handled.
2. Revenues shall consist of all revenues generated by the service, including unbilled and uncollected revenues. If some users were not billed for the services (or were not billed at the full rate for that class of users), a schedule showing the full imputed revenues associated with these users shall be provided. Expenses shall be broken out by object cost categories (e.g., salaries, supplies, etc.).

c. Self-insurance funds. For each self-insurance fund, the plan shall include: the fund balance sheet; a statement of revenue and expenses including a summary of billings and claims paid by agency; a listing of all non-operating transfers into and out of the fund; the type(s) of risk(s) covered by the fund (e.g., automobile liability, workers' compensation, etc.); an explanation of how the level of fund contributions are determined, including a copy of the current actuarial report (with the actuarial assumptions used) if the contributions are determined on an actuarial basis; and, a description of the procedures used to charge or allocate fund contributions to benefitted activities. Reserve levels in excess of claims (1) submitted and adjudicated but not paid, (2) submitted but not adjudicated, and (3) incurred but not submitted must be identified and explained.

- d. Fringe benefits. For fringe benefit costs, the plan shall include: a listing of fringe benefits provided to covered employees, and the overall annual cost of each type of benefit; current fringe benefit policies; and procedures used to charge or allocate the costs of the benefits to benefitted activities. In addition, for pension and post-retirement health insurance plans, the following information shall be provided: the grantee's funding policies, e.g., legislative bills, trust agreements, or State-mandated contribution rules, if different from actuarially determined rates; the pension plan's costs accrued for the year; the amount funded, and date(s) of funding; a copy of the current actuarial report (including the actuarial assumptions); the plan trustee's report; and, a schedule from the activity showing the value of the interest cost associated with late funding.
4. Required certification. Each central service cost allocation plan will be accompanied by a certification in the following form:

CERTIFICATE OF COST ALLOCATION PLAN

This is to certify that I have reviewed the cost allocation plan submitted herewith and to the best of my knowledge and belief:

1. All costs included in this proposal [identified to date] to establish cost allocations or billings for [identify period covered by plan] are allowable in accordance with the requirements of "Solid Waste Authority of Central Ohio Grant Program Handbook", and the SWACO Grant Agreement(s) to which they apply. Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.
2. All costs included in this proposal are properly allocable to SWACO awards on the basis of a beneficial or causal relationship between the expenses incurred and the awards to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.

I declare and affirm that the foregoing is true and correct.

Grantee: _____

Signature: _____

Name of Official: _____

Title: _____

Date of Execution: _____

F. Negotiation and Approval of Central Service Plans.

1. All proposed central service cost allocation plans that are required to be submitted will be reviewed, negotiated, and approved by SWACO on a timely basis. SWACO will review the proposal within six months of receipt of the proposal and either negotiate/approve the

proposal or advise the grantee of the additional documentation needed to support/evaluate the proposed plan or the changes required to make the proposal acceptable. Once an agreement with the grantee has been reached, the agreement will be accepted and used, unless prohibited or limited by statute.

2. The results of each negotiation shall be formalized in a written agreement between SWACO and the grantee. This agreement will be subject to re-opening if the agreement is subsequently found to violate a statute or the information upon which the plan was negotiated is later found to be materially incomplete or inaccurate.
3. Negotiated cost allocation plans based on a proposal later found to have included costs that:
(a) are unallowable (i) as specified by law or regulation, (ii) as identified in Section II of this Handbook, or (iii) by the terms and conditions of the SWACO Grant, or (b) are unallowable because they are clearly not allocable to the SWACO grant, shall be adjusted, or a refund shall be made at the option of SWACO. These adjustments or refunds are designed to correct the plans and do not constitute a reopening of the negotiation.

G. Other Policies.

1. Billed central service activities. Each billed central service activity must separately account for all revenues (including imputed revenues) generated by the service, expenses incurred to furnish the service, and profit/loss.
2. Working capital reserves. Internal service funds are dependent upon a reasonable level of working capital reserve to operate from one billing cycle to the next. Charges by an internal service activity to provide for the establishment and maintenance of a reasonable level of working capital reserve, in addition to the full recovery of costs, are allowable. A working capital reserve as part of retained earnings of up to 60 days cash expenses for normal operating purposes is considered reasonable. A working capital reserve exceeding 60 days may be approved by SWACO in exceptional cases.
3. Carry-forward adjustments of allocated central service costs. Allocated central service costs are usually negotiated and approved for a future fiscal year on a "fixed with carry-forward" basis. Under this procedure, the fixed amounts for the future year covered by agreement are not subject to adjustment for that year. However, when the actual costs of the year involved become known, the differences between the fixed amounts previously approved and the actual costs will be carried forward and used as an adjustment to the fixed amounts established for a later year. This "carry-forward" procedure applies to all central services whose costs were fixed in the approved plan. However, a carry-forward adjustment is not permitted, for a central service activity that was not included in the approved plan, or for unallowable costs that must be reimbursed immediately.
4. Adjustments of billed central services. Billing rates used to charge SWACO grants shall be based on the estimated costs of providing the services, including an estimate of the allocable central service costs. A comparison of the revenue generated by each billed service (including total revenues whether or not billed or collected) to the actual allowable costs of the service will be made at least annually, and an adjustment will be made for the difference between the revenue and the allowable costs. These adjustments will be made through one of the following adjustment methods: (a) a cash refund to SWACO for the SWACO share of the adjustment, (b) credits to the amounts charged to the individual programs, (c) adjustments to future billing rates, or (d) adjustments to allocated central service costs.

Adjustments to allocated central services will not be permitted where the total amount of the adjustment for a particular service (SWACO share and non-SWACO) share exceeds \$500,000.

5. Records retention. All central service cost allocation plans and related documentation used as a basis for claiming costs under SWACO awards must be retained for audit in a accessible and businesslike manner for a period of not less than five (5) years. All Records related to this grant shall be so maintained, and shall be made available to SWACO or its employees or contractors as requested.
6. Appeals. If a dispute arises in the negotiation of a plan between the Grantee and SWACO, the dispute shall be resolved by appeal to the SWACO Executive Director.

IV. INDIRECT COST RATE PROPOSAL

A. General

B. Definitions

1. Indirect cost rate proposal
2. Indirect cost rate
3. Indirect cost pool
4. Base
5. Predetermined rate
6. Fixed rate
7. Provisional rate
8. Final rate
9. Base period

C. Allocation of Indirect Costs and Determination of Indirect Cost Rates

1. General
2. Simplified method
3. Multiple allocation base method
4. Special indirect cost rates

D. Submission and Documentation of Proposals

1. Submission of indirect cost rate proposals
2. Documentation of proposals
3. Required certification

E. Negotiation amid Approval of Rates

F. Other Policies

1. Fringe benefit rates
2. Billed services provided by the grantee agency
3. Indirect cost allocations not using rates
4. Appeals

5. Collections of unallowable costs and erroneous payments

A. General.

1. Indirect costs are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned directly to SWACO grants and other activities as appropriate, indirect costs are those remaining to be allocated to benefitted cost objectives. A cost may not be allocated to a SWACO grant as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to a SWACO grant as a direct cost.
2. Indirect costs include (a) the indirect costs originating in each department of the grantee carrying out SWACO grants and (b) the costs of central services distributed through the central service cost allocation plan (as described above) and not otherwise treated as direct costs.
3. Indirect costs are normally charged to SWACO grants by the use of an indirect cost rate. A separate indirect cost rate(s) is usually necessary for each department of the grantee claiming indirect costs under SWACO grants.
4. Because of the diverse characteristics and accounting practices of grant entities, the types of costs which may be classified as indirect costs cannot be specified in all situations. However, typical examples of indirect costs may include certain State/local-wide central service costs, general administration of the grantee, accounting and personnel services performed within the grantee, depreciation or use allowances on buildings and equipment, the costs of operating and maintaining facilities, etc.

B. Definitions.

1. "Indirect cost rate proposal" means the documentation prepared by a grantee to substantiate its request for the establishment of an indirect cost rate.
2. "Indirect cost rate" is a device for determining in a reasonable manner the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base.
3. "Indirect cost pool" is the accumulated costs that jointly benefit two or more programs or other cost objectives.
4. "Base" means the accumulated direct costs (normally either total direct salaries and wages or total direct costs exclusive of any extraordinary or distorting expenditures) used to distribute indirect costs to individual SWACO grants. The direct cost base selected should result in each award bearing a fair share of the indirect costs in reasonable relation to the benefits received from the costs.
5. "Predetermined rate" means an indirect cost rate, applicable to a specified current or future period, usually the grantee's fiscal year. This rate is based on an estimate of the costs to be incurred during the period. Except under very unusual circumstances a predetermined rate is not subject to adjustment. Predetermined rates may not be used by grantees that have not submitted and negotiated the rate with the cognizant agency. In view of the potential advantages offered by this procedure, negotiation of predetermined rates for indirect costs for a period of two to four years should be the norm in those situations where the cost

experience and other pertinent facts available are deemed sufficient to enable the parties involved to reach an informed judgment as to the probable level of indirect costs during the ensuing accounting periods.

6. "Fixed rate" means an indirect cost rate which has the same characteristics as a predetermined rate, except that the difference between the estimated costs and the actual, allowable costs of the period covered by the rate is carried forward as an adjustment to the rate computation of a subsequent period.
7. "Provisional rate" means a temporary indirect cost rate applicable to a specified period which is used for funding, interim reimbursement, and reporting indirect costs on SWACO grants pending the establishment of a "final" rate for that period.
8. "Final rate" means an indirect cost rate applicable to a specified past period which is based on the actual allowable costs of the period. A final audited rate is not subject to adjustment.
9. "Base period" for the allocation of indirect costs is the period in which such costs are incurred and accumulated for allocation to activities performed in that period. The base period normally should coincide with the governmental unit's fiscal year, but in any event, shall be so selected as to avoid inequities in the allocation of costs.

C. Allocation of Indirect Costs and Determination of Indirect Cost Rates.

1. General.

a. Where a grantee's department performs one major function, or where all its major functions benefit from the indirect costs to approximately the same degree, the allocation of indirect costs and the computation of an indirect cost rate may be accomplished through simplified allocation procedures as described in subsection 2.

b. Where a grantee's department has several major functions which benefit from its indirect costs in varying degrees, the allocation of indirect costs may require the accumulation of such costs into separate cost groupings which then are allocated individually to benefitted functions by means of a base which best measures the relative degree of benefit. The indirect costs allocated to each function are then distributed to individual awards and other activities included in that function by means of an indirect cost rate(s).

c. Specific methods for allocating indirect costs and computing indirect cost rates along with the conditions under which each method should be used are described in subsections 2, 3 and 4.

2. Simplified method.

a. Where a grantee's major functions benefit from its indirect costs to approximately the same degree, the allocation of indirect costs may be accomplished by (1) classifying the grantee's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to individual SWACO grants. The rate should be expressed as the percentage which the total amount of allowable indirect costs bears to the base selected. This method should also be used where a grantee's has only one major function encompassing a number of individual projects or

activities, and may be used where the level of SWACO grants to that grantee is relatively small.

b. Both the direct costs and the indirect costs shall exclude capital expenditures and unallowable costs. However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

c. The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

3. Multiple allocation base method.

a. Where a grantee's indirect costs benefit its major functions in varying degrees, such costs shall be accumulated into separate cost groupings. Each grouping shall then be allocated individually to benefitted functions by means of a base which best measures the relative benefits.

b. The cost groupings should be established so as to permit the allocation of each grouping on the basis of benefits provided to the major functions. Each grouping should constitute a pool of expenses that are of like character in terms of the functions they benefit and in terms of the allocation base which best measures the relative benefits provided to each function. The number of separate groupings should be held within practical limits, taking into consideration the materiality of the amounts involved and the degree of precision needed.

c. Actual conditions must be taken into account in selecting the base to be used in allocating the expenses in each grouping to benefitted functions. When an allocation can be made by assignment of a cost grouping directly to the function benefitted, the allocation shall be made in that manner. When the expenses in a grouping are more general in nature, the allocation should be made through the use of a selected base which produces results that are equitable to both SWACO and the grantee. In general, any cost element or related factor associated with the grantee's activities is potentially adaptable for use as an allocation base provided that: (1) it can readily be expressed in terms of dollars or other quantitative measures (total direct costs, direct salaries and wages, staff hours applied, square feet used, hours of usage, number of documents processed, population served, and the like), and (2) it is common to the benefitted functions during the base period.

d. Except where a special indirect cost rate(s) is required in accordance with subsection 4, the separate groupings of indirect costs allocated to each major function shall be aggregated and treated as a common pool for that function. The costs in the common pool shall then be distributed to individual SWACO grants included in that function by use of a single indirect cost rate.

e. The distribution base used in computing the indirect cost rate for each function may be (1) total direct costs (excluding capital expenditures and other distorting items such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another

base which results in an equitable distribution. An indirect cost rate should be developed for each separate indirect cost pool developed. The rate in each case should be stated as the percentage relationship between the particular indirect cost pool and the distribution base identified with that pool.

4. Special indirect cost rates.

a. In some instances, a single indirect cost rate for all activities of a grantee or for each major function of the grantee may not be appropriate. It may not take into account those different factors which may substantially affect the indirect costs applicable to a particular program or group of programs. The factors may include the physical location of the work, the level of administrative support required, the nature of the facilities or other resources employed, the organizational arrangements used, or any combination thereof. When a particular award is carried out in an environment which appears to generate a significantly different level of indirect costs, provisions should be made for a separate indirect cost pool applicable to that award. The separate indirect cost pool should be developed during the course of the regular allocation process, and the separate indirect cost rate resulting therefrom should be used, provided that: (1) the rate differs significantly from the rate which would have been developed under subsections 2. and 3., and (2) the award to which the rate would apply is material in amount.

D. Submission and Documentation of Proposals.

1. Submission of indirect cost rate proposals.

a. Should grantee desire to claim indirect costs under SWACO grants, grantee must prepare an indirect cost rate proposal and related documentation to support those costs. The proposal and related documentation must be retained for audit in accordance with this Handbook.

b. Grantee must submit such indirect cost rate proposal to SWACO. Where a grantee only receives funds as a sub-recipient, the primary recipient will be responsible for negotiating and/or monitoring the sub-recipient's plan.

c. Indirect cost proposals must be developed (and, when required, submitted) within six months after the close of the grantee's fiscal year, unless an exception is approved by SWACO.

2. Documentation of proposals. The following shall be included with each indirect cost proposal:

a. The rates proposed, including subsidiary work sheets and other relevant data, cross referenced and reconciled to the financial data noted in subsection b. Allocated central service costs will be supported by the summary table included in the approved central service cost allocation plan. This summary table is not required to be submitted with the indirect cost proposal if the central service cost allocation plan for the same fiscal year has been approved by SWACO and is available to SWACO.

b. A copy of the financial data (financial statements, comprehensive annual financial report, executive budgets, accounting reports, etc.) upon which the rate is based. Adjustments resulting from the use of unaudited data will be recognized, where appropriate, by SWACO in a subsequent proposal.

c. The approximate amount of direct base costs incurred under SWACO grants. These costs should be broken out between salaries and wages and other direct costs.

d. A chart showing the organizational structure of the grantee during the period for which the proposal applies, along with a functional statement(s) noting the duties and/or responsibilities of all units that comprise the grantee. (Once this is submitted, only revisions need be submitted with subsequent proposals.)

3. Required certification. Each indirect cost rate proposal shall be accompanied by a certification in the following form:

CERTIFICATE OF INDIRECT COSTS

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

1. All costs included in this proposal [identify date] to establish billing or final indirect costs rates for [identify period covered by rate] are allowable in accordance with the requirements of the SWACO Grant(s) to which they apply. Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.
2. All costs included in this proposal are properly allocable to SWACO Grants on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and SWACO will be notified of any accounting changes that would affect the predetermined rate.

I declare and affirm that the foregoing is true and correct.

Grantee: _____

Signature: _____

Date of Execution: _____

E. Negotiation and Approval of Rates.

1. Indirect cost rates will be reviewed, negotiated, and approved by SWACO on a timely basis. Once a rate has been agreed upon, it will be accepted and used by SWACO unless prohibited or limited by statute. Where SWACO has reason to believe that special operating factors affecting its awards necessitate special indirect cost rates, SWACO will notify

grantee.

2. The use of predetermined rates, if allowed, is encouraged where SWACO has reasonable assurance based on past experience and reliable projection of the grantee costs, that the rate is not likely to exceed a rate based on actual costs. Long-term agreements utilizing predetermined rates extending over two or more years are encouraged, where appropriate.
3. The results of each negotiation shall be formalized in a written agreement between SWACO and the grantee. This agreement will be subject to re-opening if the agreement is subsequently found to violate a statute, or the information upon which the plan was negotiated is later found to be materially incomplete or inaccurate.
4. Refunds shall be made if proposals are later found to have included costs that (a) are unallowable (i) as specified by law or regulation, (ii) as identified in Section II of this Handbook, or (iii) by the terms and conditions of SWACO grants, or (b) are unallowable because they are clearly not allocable to SWACO grants. These adjustments or refunds will be made regardless of the type of rate negotiated (predetermined, final, fixed, or provisional).

F. Other Policies.

1. Fringe benefit rates. If overall fringe benefit rates are not approved for the grantee as part of the central service cost allocation plan, these rates will be reviewed, negotiated and approved for individual grantee agencies during the indirect cost negotiation process. In these cases, a proposed fringe benefit rate computation should accompany the indirect cost proposal. If fringe benefit rates are not used by the grantee (i.e., the grantee specifically identifies fringe benefit costs to individual employees), the grantee should so advise SWACO.
2. Billed services provided by the grantee agency. In some cases, grantees provide and bill for services similar to those covered by central service cost allocation plans (e.g., computer centers). Where this occurs, the grantee should be guided by the requirements in Section III relating to the development of billing rates and documentation requirements, and should advise SWACO of any billed services. Reviews of these types of services (including reviews of costing/billing methodology, profits or losses, etc.) will be made on a case-by-case basis as warranted by the circumstances involved.
3. Indirect cost allocations not using rates. In certain situations, a grantee, because of the nature of its awards, may be required to develop a cost allocation plan that distributes indirect (and, in some cases, direct) costs to the specific funding sources. In these cases, a narrative cost allocation methodology should be developed, documented, maintained for audit, or submitted, as appropriate, to SWACO for review, negotiation, and approval.
4. Appeals. If a dispute arises in a negotiation of an indirect cost rate (or other rate) between SWACO and the grantee, the dispute shall be resolved in accordance with the appeals procedures of SWACO.
5. Collection of unallowable costs and erroneous payments. Costs specifically identified as unallowable and charged to SWACO grants either directly or indirectly will be refunded (including interest chargeable at the prime rate).